

**HOUSING AUTHORITY OF THE
CITY OF BLOOMINGTON
Bloomington, Illinois**

**FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS'
REPORT**

DECEMBER 31, 2019

HOUSING AUTHORITY OF THE CITY OF BLOOMINGTON
Bloomington, Illinois

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Housing Authority of the City of Bloomington
Bloomington, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the Housing Authority of the City of Bloomington ("Housing Authority"), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Housing Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Housing Authority, as of December 31, 2019, and the respective changes in financial position and cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statement that collectively comprises the Housing Authority's basic financial statements. The combining financial statements, the statements and certifications of actual modernization costs, and the statements and certification of actual ROSS costs are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the Department of Housing and Urban Development, and is also not a required part of the basic financial statements.

The combining financial statements, the statements and certifications of actual modernization costs, and the statements and certifications of actual ROSS costs and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements, the statements and certifications of actual modernization costs, and the statements and certifications of actual ROSS costs and schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated January 26, 2021, on our consideration of the Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority's internal control over financial reporting and compliance.

Hawkins Ash CPAs, LLP

La Crosse, Wisconsin

January 26, 2021

**HOUSING AUTHORITY OF THE
CITY OF BLOOMINGTON
Bloomington, Illinois**

MANAGEMENT DISCUSSION AND ANALYSIS

HOUSING AUTHORITY OF THE CITY OF BLOOMINGTON
Bloomington, Illinois
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED DECEMBER 31, 2019

The management of the Bloomington Housing Authority (“Housing Authority”) offers this narrative overview and analysis of its audited financial statements for the year ended December 31, 2019. The goal is for the reader to better understand the Housing Authority’s financial activities and its overall financial position and to show whether current year revenue covered current year expenses and the extent to which the Housing Authority has invested its capital assets. We encourage readers to consider the information presented here in conjunction with the Housing Authority’s financial statements, which begins on page 7.

FINANCIAL HIGHLIGHTS:

- The assets of the Housing Authority exceed its liabilities as of December 31, 2019 by \$7,466,522 (net position).
- The Housing Authority’s investment in capital assets, net of related debt as of December 31, 2019 was \$5,209,616.
- The Housing Authority’s total revenue for the calendar year ended December 31, 2019 was \$8,281,527.
- The Housing Authority’s total expenses for the calendar year ended December 31, 2019 was \$8,134,975. Therefore, the Housing Authority’s total combined revenue exceeds its total combined expenses by \$146,552.

OVERVIEW OF THE FINANCIAL STATEMENTS:

This discussion and analysis is intended to serve as an introduction to the Housing Authority’s financial statements. The Housing Authority’s financial statements included in this annual report are those of a special-purpose government engaged in a business-type activity. The following financial statements are included:

- The *Statement of Net Position* presents information on all of the Housing Authority’s assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Housing Authority is improving or deteriorating.
- The *Statement of Revenue, Expenses, and Changes in Net Position* reports the Housing Authority’s operating and non-operating revenue, by major source, along with operating and non-operating expenses.
- The *Statement of Cash Flows* reports the Housing Authority’s cash flows from operating, non-capital financing, investing, and capital and related financing activities.
- Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.
- Supplementary information includes the *Combining Statement of Net Position* and the *Combining Statement of Revenue, Expenses, and Changes in Net Position*. The combining schedules report the balances and activity in the individual program types of the Housing Authority, combining them into a total column. The *Schedule of Expenditures of Federal Awards* is also presented for purposes of additional analysis as required by the U.S. Office of Management and *Audits of States, Local Governments, and Non-profit Organizations*.

HOUSING AUTHORITY OF THE CITY OF BLOOMINGTON
Bloomington, Illinois
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED DECEMBER 31, 2019

ANALYSIS OF FINANCIAL STATEMENTS:

STATEMENT OF NET POSITION

	<u>2019</u>	<u>2018</u>	<u>INCREASE (DECREASE)</u>
Cash and cash equivalents	\$ 2,301,583	\$ 2,073,921	\$ 227,662
Other current assets	533,965	384,937	149,028
Capital assets	<u>8,680,767</u>	<u>9,038,273</u>	<u>(357,506)</u>
TOTAL ASSETS	<u>11,516,315</u>	<u>11,497,131</u>	<u>19,184</u>
Current liabilities	479,355	398,134	81,221
Non-current liabilities	<u>3,570,438</u>	<u>3,779,027</u>	<u>(208,589)</u>
TOTAL LIABILITIES & DEFERRED INFLOWS OF REOURCES	<u>4,049,793</u>	<u>4,177,161</u>	<u>(127,368)</u>
Net investment in capital assets	5,209,616	5,369,422	(159,806)
Restricted net position	83,625	87,099	(3,474)
Unrestricted position	<u>2,173,281</u>	<u>1,863,449</u>	<u>309,832</u>
TOTAL NET ASSETS	<u>7,466,522</u>	<u>7,319,970</u>	<u>146,552</u>

ANALYSIS OF STATEMENT OF REVENUE AND EXPENSES, AND CHANGES IN NET POSITION:

	<u>YEAR ENDING DECEMBER 31,</u>			
	<u>2019</u>		<u>2018</u>	
REVENUE				
Tenant revenue	\$ 1,511,233	18%	\$ 1,465,895	18%
HUD operating and capital grants	6,493,170	79	6,246,018	77
Interest	4,586	-	177	-
Other operating revenue	<u>272,538</u>	<u>3</u>	<u>409,420</u>	<u>5</u>
TOTAL REVENUE	<u>8,281,527</u>	<u>100</u>	<u>8,121,510</u>	<u>100</u>
EXPENSES				
Administrative expenses	1,274,480	16	1,590,808	20
Tenant services	365,693	5	350,272	4
Utilities	601,037	7	613,169	8
Maintenance and operations	1,477,667	18	1,159,584	15
Insurance	239,586	3	246,532	3
General expenses	117,705	1	83,063	1
Housing assistance payments	2,646,316	33	2,595,590	32
Interest expense	171,386	2	180,101	2
Depreciation	<u>1,241,105</u>	<u>15</u>	<u>1,234,944</u>	<u>15</u>
TOTAL EXPENSES	<u>8,134,975</u>	<u>100</u>	<u>8,054,063</u>	<u>100</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ 146,552</u>		<u>\$ 67,447</u>	

HOUSING AUTHORITY OF THE CITY OF BLOOMINGTON
Bloomington, Illinois
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED DECEMBER 31, 2019

LONG-TERM DEBT ACTIVITY

As of December 31, 2019, the Housing Authority had \$3,471,151 in debt outstanding compared to \$3,668,851 as of December 31, 2018; a net decrease of \$197,700.

Long-Term Debt consisted of the following:

	DECEMBER 31,	
	2019	2018
Total Loans	\$ 3,471,151	\$ 3,668,851
Less: Current Portion	(102,613)	(97,427)
NONCURRENT PORTION	<u>\$ 3,368,538</u>	<u>\$ 3,571,424</u>

CAPITAL ASSETS

As of December 31, 2019, the Housing Authority had \$8,608,767 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease (additional, deductions, and depreciation) of \$357,506 from December 31, 2018.

	2019	2018	NET CHANGE
Land	\$ 599,261	\$ 599,261	\$ -
Buildings & Improvements	39,893,950	39,076,366	817,584
Land Improvements	212,318	212,318	-
Equipment	<u>779,581</u>	<u>909,810</u>	<u>(130,229)</u>
TOTAL	41,485,110	40,797,755	687,355
Accumulated Depreciation	<u>32,804,343</u>	<u>(31,759,482)</u>	<u>(1,044,861)</u>
NET CAPITAL ASSETS	<u>\$ 8,680,767</u>	<u>\$ 9,038,273</u>	<u>\$ (357,506)</u>

Additional information on the Housing Authority's Capital Assets is presented in the notes to the financial statements.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

The financial report is designed to provide a general overview of the Housing Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Executive Director, Bloomington Housing Authority, 104 E. Wood Street, Bloomington, IL 61701.

**HOUSING AUTHORITY OF THE
CITY OF BLOOMINGTON
Bloomington, Illinois**

BASIC FINANCIAL STATEMENTS

HOUSING AUTHORITY OF THE CITY OF BLOOMINGTON
Bloomington, Illinois
STATEMENT OF NET POSITION
DECEMBER 31, 2019

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 2,041,922
Cash and cash equivalents - restricted	259,661
Receivables	
Tenants, net of allowance for doubtful accounts	26,941
Other, net of allowance for doubtful accounts	26,678
Due from other governments	215,094
Inventory	116,610
Prepaid expenses	148,642
TOTAL CURRENT ASSETS	<u>2,835,548</u>

NONCURRENT ASSETS

Land	599,261
Land improvements	212,318
Buildings and improvements	39,893,950
Equipment	779,581
Less accumulated depreciation	<u>(32,804,343)</u>
TOTAL NONCURRENT ASSETS	<u>8,680,767</u>

TOTAL ASSETS

\$ 11,516,315

LIABILITIES AND NET POSITION

LIABILITIES

CURRENT LIABILITIES

Accounts payable	\$ 126,037
Accrued expenses	102,502
Compensated absences	5,731
Due to other governments	53,894
Unearned revenue	5,578
Tenants' security deposits	83,000
Current portion of long-term debt	102,613
TOTAL CURRENT LIABILITIES	<u>479,355</u>

NONCURRENT LIABILITIES

Long-term debt	3,368,538
Compensated absences	108,864
Tenants' FSS escrow	93,036
TOTAL NONCURRENT LIABILITIES	<u>3,570,438</u>

TOTAL LIABILITIES

4,049,793

NET POSITION

Net investment in capital assets	5,209,616
Restricted net position	83,625
Unrestricted net position	2,173,281
TOTAL NET POSITION	<u>7,466,522</u>

TOTAL LIABILITIES AND NET POSITION

\$ 11,516,315

The accompanying notes are an integral part of these financial statements.

HOUSING AUTHORITY OF THE CITY OF BLOOMINGTON
Bloomington, Illinois
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2019

OPERATING REVENUE	
Dwelling rental	\$ 1,511,233
Operating grants	5,645,276
Other operating revenue	<u>272,538</u>
TOTAL OPERATING REVENUE	<u>7,429,047</u>
OPERATING EXPENSES	
Administration	1,274,480
Tenant services	365,693
Utilities	601,037
Maintenance and operations	1,477,667
Insurance	239,586
General expenses	117,705
Housing assistance payments	2,646,316
Depreciation	<u>1,241,105</u>
TOTAL OPERATING EXPENSES	<u>7,963,589</u>
OPERATING (LOSS)	<u>(534,542)</u>
NONOPERATING REVENUE (EXPENSE)	
Interest income	4,586
Interest expense	<u>(171,386)</u>
NET NONOPERATING (EXPENSE)	<u>(166,800)</u>
CHANGE IN NET POSITION BEFORE CAPITAL GRANTS	(701,342)
CAPITAL GRANTS	<u>847,894</u>
CHANGE IN NET POSITION	146,552
NET POSITION AT BEGINNING OF YEAR	<u>7,319,970</u>
NET POSITION AT END OF YEAR	<u>\$ 7,466,522</u>

The accompanying notes are an integral part of these financial statements.

HOUSING AUTHORITY OF THE CITY OF BLOOMINGTON
Bloomington, Illinois
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from tenants/participants	\$ 1,513,492
Cash received from operating grants	5,561,379
Other income received	218,026
Cash payments to vendors	(2,034,323)
Cash payments to employees	(1,984,391)
Cash payments for housing assistance	(2,646,316)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>627,867</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital grants	847,894
Acquisition of capital assets	(883,599)
Principal payments	(197,700)
Interest paid	(171,386)
NET CASH (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(404,791)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	4,586
NET INCREASE IN CASH AND CASH EQUIVALENTS	227,662
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>2,073,921</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 2,301,583</u>
<u>RECONCILIATION OF CASH AND CASH EQUIVALENTS PER STATEMENT OF CASH FLOWS TO THE STATEMENT OF NET POSITION</u>	
Cash and cash equivalents	\$ 2,041,922
Cash and cash equivalents - restricted	259,661
CASH AND CASH EQUIVALENTS PER STATEMENT OF NET POSITION	<u>\$ 2,301,583</u>
<u>RECONCILIATION OF (LOSS) FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u>	
CASH FLOWS FROM OPERATING ACTIVITIES	
Operating (loss)	\$ (534,542)
Adjustments to reconcile operating (loss) to net cash provided by operating activities	
Depreciation	1,241,105
Changes in assets and liabilities	
(Increase) decrease in assets	
Accounts receivable	(16,543)
Due from other governments	(130,795)
Inventory	(30,295)
Prepaid expenses	28,605
Increase (decrease) in liabilities	
Accounts payable	72,240
Accrued liabilities - other	3,107
Unearned revenue	(3,865)
Due to other governments	3,117
Tenants' FSS escrow	(2,067)
Tenants' security deposits	(2,200)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 627,867</u>

The accompanying notes are an integral part of these financial statements.

HOUSING AUTHORITY OF THE CITY OF BLOOMINGTON
Bloomington, Illinois
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 - Summary of Significant Accounting Policies

Reporting Entity - The Housing Authority is a separate governmental entity created for the purpose of constructing, maintaining, and operating public housing and providing rental assistance to low income and elderly persons. Most of the Housing Authority's funding is provided by the United States Department of Housing and Urban Development (HUD). All programs of the Housing Authority are included in these statements. The Housing Authority has no component units.

Programs Administered by the Housing Authority - The programs of the Housing Authority are recorded in one enterprise fund. Each is maintained using a separate set of self-balancing accounts. The programs include Public Housing, Capital Funds, Resident Opportunities and Self-Sufficient grant program (ROSS), Congregate Housing Service program, Section 8 Choice Vouchers, Section 8 Mod Rehab, and a Central Operations Cost Center (COCC).

Basis of Accounting and Measurement Focus - The Housing Authority's basic financial statements are presented on the full accrual basis in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Housing Authority applies all GASB pronouncements as well as U.S. GAAP, as codified by Financial Accounting Standards Board.

All activities of the Housing Authority are accounted for within one proprietary (enterprise) fund. A proprietary fund is used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

A proprietary fund distinguishes operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Housing Authority are rents collected from tenants and operating grants. Operating expenses for a proprietary fund include the cost of operating properties owned, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses.

The accounting and financial reporting treatment applied to the Housing Authority is determined by its measurement focus. The transactions of the Housing Authority are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the statement of net position. Net position (i.e., total assets net of total liabilities) are segregated net investment in capital assets, restricted, and unrestricted. When both restricted and unrestricted resources are available for use, it is the Housing Authority's policy to use restricted resources first, and then unrestricted resources as they are needed.

Cash and Cash Equivalents - For purposes of the statement of cash flows, the Housing Authority considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Cash and Cash Equivalents - Restricted - Restricted cash and cash equivalents are segregated resources for tenants' security deposits, tenants' family self-sufficiency deposits, unspent capital fund drawdowns, unspent EPC loan proceeds, and unspent housing assistance payments.

HOUSING AUTHORITY OF THE CITY OF BLOOMINGTON
Bloomington, Illinois
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

NOTE 1 - Summary of Significant Accounting Policies - Continued

Accounts Receivable - Accounts receivable are recorded at gross amount, less an allowance for doubtful accounts. The allowance for doubtful accounts was \$14,373 for Public Housing and \$26,677 for Section 8 Choice Vouchers at December 31, 2019.

Prepaid Expenses - Prepaid expenses represent payments made to vendors for services that will benefit beyond December 31, 2019.

Inventory - Inventory is valued using the average cost method.

Capital Assets - Purchased capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. Capital assets are items that exceed \$2,500 and have a useful life of greater than one year. Buildings and equipment are carried at cost or estimated fair value and depreciated using a straight-line method of depreciation over their estimated useful lives as follows:

Land improvements	10 years
Buildings and improvements	10 - 27 years
Equipment	5 years

Impairment of Long-Lived Assets - The Housing Authority reviews its capital assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recovered. If the fair value is less than the carrying value of an asset, an impairment loss is recognized for the difference. No impairment loss has been recognized during the year ended December 31, 2019.

Accumulated Compensated Absences - The Housing Authority allows permanent employees to accumulate the following compensated absences:

- Vacation time is earned at a rate of one day per month for regular full-time employees and four hours for part-time employees with a maximum of 320 hours for employees hired prior to January 1, 2002 and 240 hours for employees hired on or after January 1, 2002. Employees will earn one extra day for each year after five completed years. Unused vacation time is paid out at termination.
- Effective January 1, 2007, sick pay is earned at a rate of one day per month and can accumulate to a maximum carryover of 960 hours. Unused sick pay is lost at time of voluntary or involuntary termination.

The amount of accumulated benefits at December 31, 2019, was \$114,595 and is recorded as a liability in the applicable programs.

Deferred Outflows and Inflows of Resources - In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expenditure) until then. The Housing Authority does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position which applies to future periods and so will not be recognized as an inflow of resources (revenue) until then. The Housing Authority does not have any items that qualify for reporting in this category.

HOUSING AUTHORITY OF THE CITY OF BLOOMINGTON
Bloomington, Illinois
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

NOTE 1 - Summary of Significant Accounting Policies - Continued

Net Position Classifications - Net position represents the difference between the total assets and the total liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement for those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Federal Aids - Federal aids for reimbursable programs are recognized as revenue in the year related program expenditures are incurred. Aids received prior to meeting revenue recognition criteria are recorded as unearned revenue.

Employee Retirement Plan - The Housing Authority has a retirement plan covering substantially all of its eligible employees which is funded through contributions to AXA Equitable Life Insurance Company.

Due To/From Other Programs - During the course of operations, numerous transactions occur between individual programs for goods provided or services rendered. These receivables and payables are classified as "due from other programs" or "due to other programs" on the combining statement of net position and have been eliminated in the basic financial statements.

Interprogram Transactions - Quasi-external transactions are accounted for as revenue, expenditures, or expenses. Transactions that constitute reimbursements to a program for expenditures/expenses initially made from it that are properly applicable to another program, are recorded as expenditures/expenses in the reimbursing program and as reductions of expenditures/expenses in the program that is reimbursed.

Rental Income - Rental income is recognized as rents become due.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Construction Projects - There are certain major construction projects in progress at December 31, 2019. These include modernizing rental units at many different projects. These projects are being funded by HUD. Funds are requested periodically as the cost is incurred.

Subsequent Events - The Housing Authority has evaluated subsequent events through January 26, 2021, the date which the financial statements were available to be issued.

NOTE 2 - Cash and Cash Equivalents

HUD regulations and statutes authorize the Housing Authority to have deposits in checking accounts, certificates of deposits, money-market funds, and repurchase agreements fully collateralized by United States government securities.

At December 31, 2019, the Housing Authority reported cash and cash equivalents as follows:

Cash and cash equivalents	\$ 2,041,922
Cash and cash equivalents - restricted	<u>259,661</u>
TOTAL	<u>\$ 2,301,583</u>

HOUSING AUTHORITY OF THE CITY OF BLOOMINGTON
Bloomington, Illinois
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

NOTE 2 - Cash and Cash Equivalents - Continued

The difference between cash and cash equivalents and the deposits reported below is due to reconciling items such as deposits in transit and outstanding checks.

Fair Value of Deposits - Deposits are reported at fair value. At December 31, 2019, the fair value of the Housing Authority's deposits approximated original cost; therefore, no fair value adjustments were necessary.

Determining Fair Value - Fair value of the Housing Authority's deposits are determined as follows: deposits with stated interest rates (operating and savings accounts) are stated at cost.

Income Allocation - Interest income is generally allocated to the program that owns the certificate of deposit, money market account, and savings account.

Custodial Credit Risk - Deposits - Custodial credit is the risk that, in the event of a bank failure, the Housing Authority's deposits may not be returned to it. As of December 31, 2019, \$2,046,016 of the Housing Authority's bank balance of \$2,546,016 was exposed to custodial risk as follows:

Uninsured, collateralized by bank **\$ 2,046,016**

NOTE 3 - Capital Assets

A summary of changes in capital assets is as follows:

	BALANCES 1/1/19	ADDITIONS	RETIREMENTS	BALANCES 12/31/19
<i>Capital assets not being depreciated:</i>				
Land	\$ 599,261	\$ -	\$ -	\$ 599,261
<i>Capital assets being depreciated:</i>				
Land improvements	212,318	-	-	212,318
Buildings and improvements	39,076,366	817,584	-	39,893,950
Equipment	909,810	66,015	(196,244)	779,581
TOTAL CAPITAL ASSETS BEING DEPRECIATED	40,198,494	883,599	-	40,885,849
Less accumulated depreciation	(31,759,482)	(1,241,105)	(196,244)	(32,804,343)
TOTAL CAPITAL ASSETS BEING DEPRECIATED, NET OF ACCUMULATED DEPRECIATION	8,439,012	(357,506)	-	8,081,506
NET CAPITAL ASSETS	<u>\$ 9,038,273</u>	<u>\$ 357,506</u>	<u>\$ -</u>	<u>\$ 8,680,767</u>

NOTE 4 - Long-Term Obligations

Details of the Housing Authority's long-term obligations are set forth below:

Summary of Long-Term Obligations

	BALANCE 1/1/19	ADDITIONS	REDUCTIONS	BALANCE 12/31/19	AMOUNT DUE WITHIN ONE YEAR
EPC loan	\$ 3,668,851	\$ -	\$ (197,700)	\$ 3,471,151	\$ 102,613
Compensated absences	118,422	-	(3,827)	114,595	5,731
Tenants' FSS escrow	95,103	-	(2,067)	93,036	-
	<u>\$ 3,882,376</u>	<u>\$ -</u>	<u>\$ (203,594)</u>	<u>\$ 3,678,782</u>	<u>\$ 108,344</u>

HOUSING AUTHORITY OF THE CITY OF BLOOMINGTON
Bloomington, Illinois
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

NOTE 4 - Long-Term Obligations - Continued

In July of 2013, the Housing Authority entered into a loan agreement with First Financial Bank NA in the amount up to \$4,750,000 for an Energy Performance Contracting (EPC) program to pay for the installation of energy efficient plumbing and lighting in the Housing Authority's public housing units. The EPC loan will be paid in 40 semi-annual consecutive principal and interest payments of \$185,278, beginning January 3, 2015, with the interest being calculated on the unpaid principal balances. The note bears interest at an annual rate of 4.75 percent and matures on July 3, 2034. This EPC loan will be repaid with energy savings and HUD incentives. As of December 31, 2019, the Authority had drawn down \$4,470,103 in EPC loan funds.

The maturity of the original notes payable for the years subsequent at December 31, 2019, is as follows:

	<u>PRINCIPAL</u>	<u>INTEREST</u>
2020	\$ 102,613	\$ 82,665
2021	213,012	157,544
2022	223,250	147,306
2023	233,981	136,575
2024	244,891	125,665
2025-2029	1,414,382	438,398
2030-2033	<u>1,039,022</u>	<u>89,548</u>
TOTAL	<u>\$ 3,471,151</u>	<u>\$ 1,177,701</u>

NOTE 5 - Pension Plan

The Housing Authority has an employee defined contribution pension plan with AXA Equitable Life Insurance Company.

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual accounts are to be determined instead of specifying the amount of benefits the individual is to receive.

To be eligible, an employee must have completed six months of service and work more than 20 hours per week. Vesting begins at 50 percent for employees with less than one year of service and continues at 10 percent per year for five years at which time the employee is fully vested.

The Housing Authority is required to contribute 13.7 percent of an employee's salary. The Housing Authority's actual contribution was \$1,489,392 for the year ended December 31, 2019. Total eligible payroll expense for the Housing Authority was \$199,245.

NOTE 6 - Risk Management

Insured Risk - The Housing Authority purchases commercial insurance with various deductibles and coverages to cover liability, property, workers' compensation, errors, omissions, and employee defalcation risk. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

HOUSING AUTHORITY OF THE CITY OF BLOOMINGTON
Bloomington, Illinois
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

NOTE 7 - Net Position

The following is a summary of individual net asset restrictions at December 31, 2019:

<u>PROGRAM</u>	<u>PURPOSE/REASON</u>	<u>AMOUNT</u>
<u>Restricted</u>		
Section 8 Choice Vouchers	Unspent Housing Assistance Payments	<u>\$ 83,625</u>

NOTE 8 - Related Party Transactions

The affiliation mentioned below does not meet the criteria under GASB 61, for the inclusion in the reporting entity of the Housing Authority.

Housing Authority of the County of McLean (HACM) - the Housing Authority is affiliated with HACM as the Housing Authority administers the HACM's Housing Choice Vouchers Program on HACM's behalf in accordance with an Intergovernmental Agreement between these two entities. The Housing Authority in turn, charges HACM a monthly management fee that is equal to an agreed-upon fee rate multiplied by the number of HACM's monthly units leased. For the year ended December 31, 2019, the Housing Authority charged HACM management fees that totaled \$11,028 and which are included in other revenue on the statement of revenue, expenses, and changes in fund net position. At December 31, 2019, HACM owed the Housing Authority \$34,620, which is reported in the due from other governments balance on the statement of net position.

NOTE 9 - Economic Dependency

The Housing Authority received approximately 78 percent of its total revenue from the United States Department of Housing and Urban Development. This funding is subject to federal government budget appropriations and potential funding reductions.

**HOUSING AUTHORITY OF THE
CITY OF BLOOMINGTON
Bloomington, Illinois**

SUPPLEMENTARY INFORMATION

HOUSING AUTHORITY OF THE CITY OF BLOOMINGTON
Bloomington, Illinois
COMBINING STATEMENT OF NET POSITION
DECEMBER 31, 2019

<u>ASSETS</u>	<u>PUBLIC HOUSING</u>	<u>SECTION 8 MOD REHAB</u>	<u>SECTION 8 CHOICE VOUCHERS</u>	<u>ROSS GRANT</u>	<u>CONGREGATE</u>	<u>CAPITAL FUNDS</u>	<u>COCC</u>	<u>ELIMINATING ENTRY</u>	<u>TOTAL</u>
CURRENT ASSETS									
Cash and cash equivalents	\$ 1,591,672	\$ -	\$ 125,827	\$ -	\$ 15,714	\$ -	\$ 308,709	\$ -	\$ 2,041,922
Cash and cash equivalents - restricted	113,587	-	146,074	-	-	-	-	-	259,661
Receivables									
Tenants, net of allowance for doubtful accounts	26,941	-	-	-	-	-	-	-	26,941
Other, net of allowance for doubtful accounts	-	-	26,678	-	-	-	-	-	26,678
Due from other governments	-	-	12,793	7,836	11,808	114,281	68,376	-	215,094
Due from other programs	-	3,746	-	-	-	-	283,600	(287,346)	-
Inventory	116,610	-	-	-	-	-	-	-	116,610
Prepaid expenses	111,083	-	4,470	-	7,455	-	25,634	-	148,642
TOTAL CURRENT ASSETS	<u>1,959,893</u>	<u>3,746</u>	<u>315,842</u>	<u>7,836</u>	<u>34,977</u>	<u>114,281</u>	<u>686,319</u>	<u>(287,346)</u>	<u>2,835,548</u>
NONCURRENT ASSETS									
Land	455,361	-	3,800	-	-	-	140,100	-	599,261
Land improvements	212,318	-	-	-	-	-	-	-	212,318
Buildings and improvements	38,087,139	-	-	-	-	1,400,814	405,997	-	39,893,950
Equipment	435,114	-	26,609	-	21,761	30,309	265,788	-	779,581
Less accumulated depreciation	(32,090,033)	-	(26,609)	-	(21,761)	-	(665,940)	-	(32,804,343)
TOTAL NONCURRENT ASSETS	<u>7,099,899</u>	<u>-</u>	<u>3,800</u>	<u>-</u>	<u>-</u>	<u>1,431,123</u>	<u>145,945</u>	<u>-</u>	<u>8,680,767</u>
TOTAL ASSETS	<u>\$ 9,059,792</u>	<u>\$ 3,746</u>	<u>\$ 319,642</u>	<u>\$ 7,836</u>	<u>\$ 34,977</u>	<u>\$ 1,545,404</u>	<u>\$ 832,264</u>	<u>\$ (287,346)</u>	<u>\$ 11,516,315</u>

(Continued on page 17)

HOUSING AUTHORITY OF THE CITY OF BLOOMINGTON
Bloomington, Illinois
COMBINING STATEMENT OF NET POSITION - Continued
DECEMBER 31, 2019

<u>LIABILITIES AND NET POSITION</u>	<u>PUBLIC HOUSING</u>	<u>SECTION 8 MOD REHAB</u>	<u>SECTION 8 CHOICE VOUCHERS</u>	<u>ROSS GRANT</u>	<u>CONGREGATE</u>	<u>CAPITAL FUNDS</u>	<u>COCC</u>	<u>ELIMINATING ENTRY</u>	<u>TOTAL</u>
LIABILITIES									
CURRENT LIABILITIES									
Accounts payable	\$ 41,865	\$ -	\$ 547	\$ -	\$ -	\$ -	\$ 83,625	\$ -	\$ 126,037
Accrued expenses	47,520	-	18,659	2,250	3,603	-	30,470	-	102,502
Compensated absences	3,547	-	727	-	335	-	1,122	-	5,731
Due to other governments	48,985	4,909	-	-	-	-	-	-	53,894
Due to other programs	3,726	6,349	118,733	5,586	38,671	114,281	-	(287,346)	-
Unearned revenue	-	-	-	-	-	-	5,578	-	5,578
Tenants' security deposits	83,000	-	-	-	-	-	-	-	83,000
Current portion of long-term debt	102,613	-	-	-	-	-	-	-	102,613
TOTAL CURRENT LIABILITIES	<u>331,256</u>	<u>11,258</u>	<u>138,666</u>	<u>7,836</u>	<u>42,609</u>	<u>114,281</u>	<u>120,795</u>	<u>(287,346)</u>	<u>479,355</u>
NONCURRENT LIABILITIES									
Long-term debt	3,368,538	-	-	-	-	-	-	-	3,368,538
Compensated absences	67,383	-	13,817	-	6,353	-	21,311	-	108,864
Tenants' FSS escrow	30,587	-	62,449	-	-	-	-	-	93,036
TOTAL NONCURRENT LIABILITIES	<u>3,466,508</u>	<u>-</u>	<u>76,266</u>	<u>-</u>	<u>6,353</u>	<u>-</u>	<u>21,311</u>	<u>-</u>	<u>3,570,438</u>
TOTAL LIABILITIES	<u>3,797,764</u>	<u>11,258</u>	<u>214,932</u>	<u>7,836</u>	<u>48,962</u>	<u>114,281</u>	<u>142,106</u>	<u>(287,346)</u>	<u>4,049,793</u>
NET POSITION									
Net investment in capital assets	3,628,748	-	3,800	-	-	1,431,123	145,945	-	5,209,616
Restricted net position	-	-	83,625	-	-	-	-	-	83,625
Unrestricted net position	1,633,280	(7,512)	17,285	-	(13,985)	-	544,213	-	2,173,281
TOTAL NET POSITION	<u>5,262,028</u>	<u>(7,512)</u>	<u>104,710</u>	<u>-</u>	<u>(13,985)</u>	<u>1,431,123</u>	<u>690,158</u>	<u>-</u>	<u>7,466,522</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 9,059,792</u>	<u>\$ 3,746</u>	<u>\$ 319,642</u>	<u>\$ 7,836</u>	<u>\$ 34,977</u>	<u>\$ 1,545,404</u>	<u>\$ 832,264</u>	<u>\$ (287,346)</u>	<u>\$ 11,516,315</u>

HOUSING AUTHORITY OF THE CITY OF BLOOMINGTON
Bloomington, Illinois
COMBINING STATEMENT OF REVENUE, EXPENSES,
AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2019

	PUBLIC HOUSING	SECTION 8 MOD REHAB	SECTION 8 CHOICE VOUCHERS	ROSS GRANT	CONGREGATE	CAPITAL FUNDS	COCC	ELIMINATING ENTRY	TOTAL
OPERATING REVENUE									
Dwelling rental	\$ 1,511,233	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,511,233
Operating grants	2,234,564	39,449	2,865,272	131,254	165,026	171,811	37,900	-	5,645,276
Other operating revenue	133,296	-	60,067	-	51,361	-	804,075	(776,261)	272,538
TOTAL OPERATING REVENUE	3,879,093	39,449	2,925,339	131,254	216,387	171,811	841,975	(776,261)	7,429,047
OPERATING EXPENSES									
Administration	919,253	8,977	219,023	88,790	52,522	148,214	613,962	(776,261)	1,274,480
Tenant services	165,399	-	3,329	42,464	153,755	746	-	-	365,693
Utilities	593,793	-	-	-	-	-	7,244	-	601,037
Maintenance and operations	1,401,553	-	2,363	-	-	22,851	50,900	-	1,477,667
Insurance	196,805	-	11,220	-	7,677	-	23,884	-	239,586
General expenses	91,199	-	15,476	-	(1,571)	-	12,601	-	117,705
Housing assistance payments	-	30,770	2,615,546	-	-	-	-	-	2,646,316
Depreciation	1,234,693	-	-	-	-	-	6,412	-	1,241,105
TOTAL OPERATING EXPENSES	4,602,695	39,747	2,866,957	131,254	212,383	171,811	715,003	(776,261)	7,963,589
OPERATING (LOSS) INCOME	(723,602)	(298)	58,382	-	4,004	-	126,972	-	(534,542)
NONOPERATING REVENUE (EXPENSE)									
Interest income	4,586	-	-	-	-	-	-	-	4,586
Interest expense	(171,386)	-	-	-	-	-	-	-	(171,386)
NET NONOPERATING (EXPENSE)	(166,800)	-	-	-	-	-	-	-	(166,800)
CHANGE IN NET POSITION BEFORE CAPITAL GRANTS	(890,402)	(298)	58,382	-	4,004	-	126,972	-	(701,342)
CAPITAL GRANTS	-	-	-	-	-	847,894	-	-	847,894
CHANGE IN NET POSITION	(890,402)	(298)	58,382	-	4,004	847,894	126,972	-	146,552
NET POSITION AT BEGINNING OF YEAR	5,532,548	(7,214)	46,328	-	(17,989)	1,203,111	563,186	-	7,319,970
RESIDUAL EQUITY TRANSFER IN (OUT)	619,882	-	-	-	-	(619,882)	-	-	-
NET POSITION AT END OF YEAR	\$ 5,262,028	\$ (7,512)	\$ 104,710	\$ -	\$ (13,985)	\$ 1,431,123	\$ 690,158	\$ -	\$ 7,466,522

HOUSING AUTHORITY OF THE CITY OF BLOOMINGTON
Bloomington, Illinois
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2019

	PUBLIC HOUSING	SECTION 8 MOD REHAB	SECTION 8 CHOICE VOUCHERS	ROSS GRANT	CONGREGATE	CAPITAL FUNDS	COCC	ELIMINATING ENTRY	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES									
Cash received from tenants/participants	\$ 1,513,492	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,513,492
Cash received from operating grants	2,234,564	39,449	2,874,091	134,253	165,002	76,120	37,900	-	5,561,379
Other income received	133,296	3,399	52,919	-	51,361	-	753,312	(776,261)	218,026
Cash received from/payments for interfund services	3,726	(3,101)	(43,278)	(1,848)	(16,112)	95,691	(35,078)	-	-
Cash payments to vendors	(2,409,941)	(8,977)	(75,988)	(16,510)	(118,205)	(76,956)	(104,007)	776,261	(2,034,323)
Cash payments to employees	(999,683)	-	(193,385)	(115,895)	(96,062)	(94,855)	(484,511)	-	(1,984,391)
Cash payments for housing assistance	-	(30,770)	(2,615,546)	-	-	-	-	-	(2,646,316)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>475,454</u>	<u>-</u>	<u>(1,187)</u>	<u>-</u>	<u>(14,016)</u>	<u>-</u>	<u>167,616</u>	<u>-</u>	<u>627,867</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES									
Capital grants	-	-	-	-	-	847,894	-	-	847,894
Acquisition of capital assets	(35,705)	-	-	-	-	(847,894)	-	-	(883,599)
Principal payments	(197,700)	-	-	-	-	-	-	-	(197,700)
Interest paid	(171,386)	-	-	-	-	-	-	-	(171,386)
NET CASH (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(404,791)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(404,791)</u>
CASH FLOWS FROM INVESTING ACTIVITIES									
Interest received	4,586	-	-	-	-	-	-	-	4,586
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	75,249	-	(1,187)	-	(14,016)	-	167,616	-	227,662
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,630,010</u>	<u>-</u>	<u>273,088</u>	<u>-</u>	<u>29,730</u>	<u>-</u>	<u>141,093</u>	<u>-</u>	<u>2,073,921</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,705,259</u>	<u>\$ -</u>	<u>\$ 271,901</u>	<u>\$ -</u>	<u>\$ 15,714</u>	<u>\$ -</u>	<u>\$ 308,709</u>	<u>\$ -</u>	<u>\$ 2,301,583</u>

(Continued on page 20)

HOUSING AUTHORITY OF THE CITY OF BLOOMINGTON
Bloomington, Illinois
COMBINING STATEMENT OF CASH FLOWS - Continued
YEAR ENDED DECEMBER 31, 2019

	PUBLIC HOUSING	SECTION 8 MOD REHAB	SECTION 8 CHOICE VOUCHER	ROSS GRANT	CONGREGATE	CAPITAL FUNDS	COCC	ELIMINATING ENTRY	TOTAL
STATEMENT OF CASH FLOWS TO THE STATEMENT OF NET POSITION									
Cash and cash equivalents	\$ 1,591,672	\$ -	\$ 125,827	\$ -	\$ 15,714	\$ -	\$ 308,709	\$ -	\$ 2,041,922
Cash and cash equivalents - restricted	113,587	-	146,074	-	-	-	-	-	259,661
CASH AND CASH EQUIVALENTS PER STATEMENT OF NET POSITION	\$ 1,705,259	\$ -	\$ 271,901	\$ -	\$ 15,714	\$ -	\$ 308,709	\$ -	\$ 2,301,583
RECONCILIATION OF (LOSS) INCOME FROM OPERATIONS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES									
Operating (loss) income	\$ (723,602)	\$ (298)	\$ 58,382	\$ -	\$ 4,004	\$ -	\$ 126,972	\$ -	\$ (534,542)
Adjustments to reconcile operating (loss) income to net cash provided by (used in) operating activities									
Depreciation	1,234,693	-	-	-	-	-	6,412	-	1,241,105
Changes in assets and liabilities									
(Increase) decrease in assets									
Accounts receivable	(9,395)	-	(7,148)	-	-	-	-	-	(16,543)
Due from other governments	-	-	8,819	2,999	(24)	(95,691)	(46,898)	-	(130,795)
Due from other funds	-	(2,223)	-	-	-	-	(35,078)	37,301	-
Inventory	(30,295)	-	-	-	-	-	-	-	(30,295)
Prepaid expenses	(1,535)	-	1,140	-	(120)	-	29,120	-	28,605
(Decrease) increase in liabilities									
Accounts payable	(6,546)	-	(671)	-	-	-	79,457	-	72,240
Accrued expenses	(2,964)	-	(2,510)	(1,151)	(1,764)	-	11,496	-	3,107
Unearned revenue	-	-	-	-	-	-	(3,865)	-	(3,865)
Due to other governments	(282)	3,399	-	-	-	-	-	-	3,117
Due to other funds	3,726	(878)	(43,278)	(1,848)	(16,112)	95,691	-	(37,301)	-
Tenants' FSS escrow	13,854	-	(15,921)	-	-	-	-	-	(2,067)
Tenants' security deposits	(2,200)	-	-	-	-	-	-	-	(2,200)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ 475,454	\$ -	\$ (1,187)	\$ -	\$ (14,016)	\$ -	\$ 167,616	\$ -	\$ 627,867

HOUSING AUTHORITY OF THE CITY OF BLOOMINGTON
Bloomington, Illinois
STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COSTS
DECEMBER 31, 2019

ANNUAL CONTRIBUTIONS CONTRACT

1. The Actual Modernization Costs for the Locally-Owned Projects are as follows:

	<u>IL01P051501-17</u>
Funds approved	\$ 819,680
Funds expended	<u>819,680</u>
EXCESS (DEFICIENCY) OF FUNDS APPROVED	<u>\$ -</u>
HUD grants	\$ 819,680
Funds expended	<u>819,680</u>
EXCESS (DEFICIENCY) OF FUNDS EXPENDED	<u>\$ -</u>

2. The distribution of costs as shown on the Final Statement of Actual Modernization Costs dated June 24, 2020, accompanying the Actual Modernization Cost Certificates submitted to HUD are in agreement with the Housing Authority's records.
3. All Actual Modernization Costs have been paid and all related liabilities have been discharged through payment.

HOUSING AUTHORITY OF THE CITY OF BLOOMINGTON
Bloomington, Illinois
STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COSTS
DECEMBER 31, 2019

ANNUAL CONTRIBUTIONS CONTRACT

1. The Actual Modernization Costs for the Locally-Owned Projects are as follows:

	<u>IL01P051501-16</u>
Funds approved	\$ 789,117
Funds expended	<u>789,117</u>
EXCESS (DEFICIENCY) OF FUNDS APPROVED	<u>\$ -</u>
HUD grants	\$ 789,117
Funds expended	<u>789,117</u>
EXCESS (DEFICIENCY) OF FUNDS EXPENDED	<u>\$ -</u>

2. The distribution of costs as shown on the Final Statement of Actual Modernization Costs dated June 24, 2020, accompanying the Actual Modernization Cost Certificates submitted to HUD are in agreement with the Housing Authority's records.
3. All Actual Modernization Costs have been paid and all related liabilities have been discharged through payment.

HOUSING AUTHORITY OF THE CITY OF BLOOMINGTON
Bloomington, Illinois
 STATEMENT AND CERTIFICATION OF ACTUAL ROSS COSTS
 DECEMBER 31, 2019

ANNUAL CONTRIBUTIONS CONTRACT

1. The Actual ROSS Costs for the Locally-Owned Projects are as follows:

	<u>IL051RPS091A014</u>
Funds approved	\$ 246,000
Funds expended	<u>242,506</u>
EXCESS (DEFICIENCY) OF FUNDS APPROVED	<u>\$ 3,494</u>
HUD grants	\$ 242,506
Funds expended	<u>246,000</u>
EXCESS (DEFICIENCY) OF FUNDS EXPENDED	<u>\$ (3,494)</u>

2. The distribution of costs as shown on the Final Statement of ROSS Costs dated September 6, 2019, accompanying the Actual ROSS Cost Certificates submitted to HUD are in agreement with the Housing Authority's records.
3. All ROSS costs have been paid and all related liabilities have been discharged through payment.

HOUSING AUTHORITY OF THE CITY OF BLOOMINGTON
Bloomington, Illinois
 STATEMENT AND CERTIFICATION OF ACTUAL ROSS COSTS
 DECEMBER 31, 2019

ANNUAL CONTRIBUTIONS CONTRACT

1. The Actual ROSS Costs for the Locally-Owned Projects are as follows:

	<u>FSS17IL0086</u>
Funds approved	\$ 51,979
Funds expended	<u>49,657</u>
EXCESS (DEFICIENCY) OF FUNDS APPROVED	<u>\$ 2,322</u>
HUD grants	\$ 49,657
Funds expended	<u>49,657</u>
EXCESS (DEFICIENCY) OF FUNDS EXPENDED	<u>\$ -</u>

2. The distribution of costs as shown on the Final Statement of ROSS Costs dated March 6, 2019, accompanying the Actual ROSS Cost Certificates submitted to HUD are in agreement with the Housing Authority's records.
3. All ROSS costs have been paid and all related liabilities have been discharged through payment.

HOUSING AUTHORITY OF THE CITY OF BLOOMINGTON
Bloomington, Illinois
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2019

<u>GRANTOR/PASS THROUGH AGENCY/ PROGRAM TITLE AND GRANT NUMBER</u>	<u>FEDERAL CATALOG NUMBER</u>	<u>PASS-THROUGH GRANT IDENTIFICATION NUMBER</u>	<u>PASS-THROUGH TO SUBRECIPIENTS NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT - Direct Programs</u>				
Section 8				
Moderate Rehab	14.249	N/A	-	\$ <u>39,449</u>
Choice Voucher Cluster				
Housing Choice Vouchers	14.871	N/A	-	2,659,822
Other Public Housing Authorities	14.871	Unknown	-	<u>141,996</u>
Total 14.871				2,801,818
Main Stream Vouchers	14.879	N/A	-	<u>63,454</u>
Housing Voucher Cluster Total				<u>2,865,272</u>
Public and Indian Housing	14.850	N/A	-	<u>2,234,564</u>
Congregate Housing Service Program	14.170	N/A	-	<u>165,026</u>
Public Housing Capital Fund	14.872	N/A	-	<u>1,019,705</u>
Family Self-Sufficiency Program	14.896	N/A	-	<u>43,202</u>
Resident Opportunity & Self-Sufficiency	14.870	N/A	-	<u>88,052</u>
Community Development Block Grant - passed through City of Bloomington	14.218	0001/1276	-	<u>37,900</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS				\$ <u>6,493,170</u>

(Continued on page 26)

HOUSING AUTHORITY OF THE CITY OF BLOOMINGTON
Bloomington, Illinois
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - Continued
YEAR ENDED DECEMBER 31, 2019

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Housing Authority of the City of Bloomington and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of, the financial statements.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Housing Authority of the City of Bloomington has elected not to use the 10 percent de minimus indirect cost rate allowed under the Uniform Guidance.

Note 3 - Disclosure of Other Forms of Assistance

The Housing Authority of the City of Bloomington received no federal awards of non-monetary assistance that are required to be disclosed for the fiscal year ended December 31, 2019.

The Housing Authority of the City of Bloomington had no loans or loan guarantees required to be disclosed for the fiscal year ended December 31, 2019.

**HOUSING AUTHORITY OF THE
CITY OF BLOOMINGTON
Bloomington, Illinois**

OTHER REPORTS

**INDEPENDENT AUDITORS' REPORT ON INTERNAL
CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Commissioners
Housing Authority of the City of Bloomington
Bloomington, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Housing Authority of the City of Bloomington ("Housing Authority"), as of and for the year ended December 31, 2019, and the related notes to financial statements, which collectively comprise the Housing Authority's basic financial statements, and have issued our report hereon dated January 26, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Housing Authority's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of the expressing an opinion on the effectiveness of the Housing Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Housing Authority's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit the attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not be identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Housing Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Housing Authority's internal control and compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hawkins Ash CPAs, LLP

La Crosse, Wisconsin
January 26, 2021

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Commissioners
Housing Authority of the City of Bloomington
Bloomington, Illinois

Report on Compliance for Each Major Federal Program

We have audited Housing Authority of the City of Bloomington's, ("Housing Authority") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Housing Authority's major federal programs for the year ended December 31, 2019. The Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Housing Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Housing Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, the Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2019-001. Our opinion on each major federal program is not modified with respect to this matter.

The Authority's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the Housing Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Housing Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Hawkins Ash CPAs, LLP

La Crosse, Wisconsin
January 26, 2021

HOUSING AUTHORITY OF THE CITY OF BLOOMINGTON
Bloomington, Illinois
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED DECEMBER 31, 2019

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes None reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes No

Identification of federal major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
14.871/14.879	Housing Voucher Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes No

Section II - Financial Statement Findings - None

HOUSING AUTHORITY OF THE CITY OF BLOOMINGTON
Bloomington, Illinois
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued
YEAR ENDED DECEMBER 31, 2019

Section III - Federal and State Award Findings and Questioned Costs

Item 2019-001 - HQS Inspections

Program: Section 8 Housing Choice Vouchers

Criteria: HQS inspections and reinspections must be done according to HUD requirements.

Condition: Failed HQS inspections were not completed timely and HAP was not abated in accordance with HUD guidelines.

Questioned Costs: N/A

Context: The Housing Authority did not follow up with an emergency repair within 24 hours in accordance with HUD guidelines.

Effect: HQS inspections and abatement are not being done in accordance with HUD requirements.

Prior Year Finding: This was not a prior year finding.

Information: Sampling was statistically valid and systemic problem.

Recommendation: It is recommended that the Authority puts in the appropriate controls to ensure that HQS inspections and reinspections are completed according to HUD requirements.

Management's Response: Housing Authority management staff has reviewed policies in the Administrative Plan (8-II.F) related to inspection failures and the need for corrective actions within 24 hours. Management has also developed more detailed procedures for documenting failed HQS inspections and notifying multiple management staff when those failures include a life threatening condition that must be abated within 24 hours.

Section IV - Status of Prior Year Findings - None